

# **Tool and Die Legislation**

**HB 4356, 4357, 4358, 4359 and SB 344 and 345**

**Judiciary Committee - February 17, 2010**

Good morning Mr. Chairman and Committee Members. Thank you for allowing me the time to speak this morning. I am here to discuss the package of bills that is before this committee today.

I am currently the only elected official serving in Lansing with a direct background in manufacturing.

Diversifying Michigan's economic portfolio is a popular statement and one I agree with, however I get nervous when I only hear about new opportunities for manufacturing. Existing auto manufacturing is still an important part of our economy and must be included as a priority for a diverse economic portfolio.

Little attention has been focused on the hundreds of small businesses called tool, die and mold makers. The tool, die and mold makers play a key role in the complicated supply chain that supports the entire auto industry. Although this industry is the first to produce automotive products, they are often the last to get paid. Their work is done months before a vehicle rolls off the assembly line, but their payments often arrive 2 years later and often times it has to be litigated. There is no way a company can stay in business if it has to litigate every purchase order. Most of these shops are small family owned businesses. When some of our car manufactures here in the United States filed for bankruptcy last year, they had millions on their books in receivables. How can these companies be filing bankruptcy when they have millions in receivables? The answer is they aren't getting paid.

After years of extensive research, we have come up with the following changes and suggestions that are before you today.

**Grant Immediate Possession and Enforcement under General Motion Practice** - The acts grant the lien holder the right to possession of tooling and to enforce their right to possession by any "available judicial procedure." *HB 4356 and HB 4359*

**Allow for the assessment of interest, damages and attorney fees** - Tool and die companies are forced to spend thousands of dollars on attorney fees, court costs etc... to enforce the lien under the acts. *HB 4357 and HB 4358*

**Reducing the 90 day waiting period to 30 days** - Currently law requires companies to wait 90 days to issue a lien if payment has not been received. A full three months is a long time for a tool and mold builder to bear the financing cost for a design, fabrication and manufacture of the tooling while the customer is allowed to continue to use the tooling. *HB 4359*

I cannot emphasize enough to you today how important and NECESSARY these changes are to manufacturing and Michigan's overall economic health.

These supply companies are hanging on by a thread. Without these changes, these businesses will be forced to close their doors.

This legislation is urgent. I truly appreciate your time and support this morning. I am more than happy to answer and questions you may have.